

THE WESTERN AUSTRALIAN OPERA COMPANY INCORPORATED

Financial Report

for the year ended 31 December 2023

Directors' Report

Your Directors submit the financial report of The Western Australian Opera Company Incorporated for the year ended 31 December 2023.

1. Directors during the financial year and until the date of this report:

Mr Andrew Pascoe (Chairman)
Mr Darren Lewsen (Deputy Chair)
Ms Janet Barnes
Ms Alison Gaines
Mr Anthony Gianotti
Mr Christiaan Heyning
Ms Jan Stewart
Ms Catherine Ferrari – resigned 19 April 2023
Dr Ingrid O'Brien – resigned 5 December 2023

2. Principal Activities

The principal activity of The Western Australian Opera Company Incorporated is the presentation of opera.

3. Significant Changes

Carmen at the WACA, which was cancelled in 2022 due to COVID-19 restrictions and which had previously received RISE funding and COVID-19 support, was produced in February 2023.

COVID-19 top-up funding of \$50,406 was received from the Commonwealth government in relation to grants paid in previous years under the state government's Getting the Show Back on the Road program.

An unexpected donation of \$200,000 was received and appears in income in 2023.

4. Operating Result

The operating surplus from ordinary activities for the financial year was \$199,977 (2022: deficit of \$29,472).

5. Auditor's Independence Declaration

The auditor's independence declaration under section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 is included in this Annual Report and forms part of the Directors' Report of The Western Australian Opera Company Inc for the year ended 31 December 2023.

Signed in accordance with a Resolution of the Board.



Andrew Pascoe (Chairman)



Darren Lewsen (Deputy Chair)

Dated 11 April 2024

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2023

	NOTES	2023 \$	2022 \$
Revenue	2	2,289,137	1,425,666
Other income	2	6,606,725	5,323,514
Employee expenses		(3,620,407)	(3,392,468)
Depreciation	7	(66,770)	(90,584)
Other expenses			
Production sets, costumes and sound		(1,419,142)	(672,754)
Theatre rental and associated costs		(1,386,833)	(695,881)
Other costs of production		(647,924)	(441,447)
Finance costs		(3,732)	(5,090)
Administration expenditure		(539,399)	(473,472)
Marketing and promotion expenditure		(1,011,678)	(1,006,956)
Net surplus / (deficit) attributable to the Association		199,977	(29,472)
Other comprehensive income			
Increase / (decrease) in investment revaluation reserve		1,592,787	(85,824)
Total comprehensive surplus / (deficit) for the year		1,792,764	(115,296)

The accompanying notes form part of these financial statements

Statement of Financial Position as at 31 December 2023

	NOTES	2023 \$	2022 \$
CURRENT ASSETS			
Cash and cash equivalents	3	953,837	1,710,481
Deposits	4	-	100,000
Trade and other receivables	5	187,751	366,365
Other current assets	6	276,893	119,494
TOTAL CURRENT ASSETS		1,418,481	2,296,340
NON-CURRENT ASSETS			
Property, plant and equipment	7	97,267	122,970
Financial assets at fair value through other comprehensive income	8	9,838,365	7,824,524
TOTAL NON-CURRENT ASSETS		9,935,632	7,947,493
TOTAL ASSETS		11,354,113	10,243,833
CURRENT LIABILITIES			
Trade and other payables	9	736,165	1,391,909
Short-term provisions	10	143,008	122,984
Lease liability	11	29,272	42,298
TOTAL CURRENT LIABILITIES		908,445	1,557,191
NON-CURRENT LIABILITIES			
Long-term provisions	10	38,705	45,413
Lease liability	11	-	27,030
TOTAL NON-CURRENT LIABILITIES		38,705	72,443
TOTAL LIABILITIES		947,150	1,629,634
NET ASSETS		10,406,963	8,614,199
EQUITY			
Retained profits		4,066,484	3,866,507
Reserves	12	6,340,479	4,747,692
TOTAL EQUITY		10,406,963	8,614,199

The accompanying notes form part of these financial statements

Statement of Changes in Equity for the year ended 31 December 2023

	Retained Profits \$	Restricted Funds Reserve \$ (Note 12)	Unrestricted Funds Reserve \$ (Note 12)	Investment Revaluation Reserve \$ (Note 12)	Total \$
Balance at 1 January 2022	3,895,979	650,000	1,475,000	2,708,516	8,729,495
Net deficit attributable to the Association	(29,472)	-	-	-	(29,472)
Decrease in investment revaluation reserve	-	-	-	(85,824)	(85,824)
Balance at 31 December 2022	<u>3,866,507</u>	<u>650,000</u>	<u>1,475,000</u>	<u>2,622,692</u>	<u>8,614,199</u>
Balance at 1 January 2023	3,866,507	650,000	1,475,000	2,622,692	8,614,199
Net surplus attributable to the Association	199,977	-	-	-	199,977
Increase in investment revaluation reserve	-	-	-	1,592,787	1,592,787
Balance at 31 December 2023	<u>4,066,484</u>	<u>650,000</u>	<u>1,475,000</u>	<u>4,215,479</u>	<u>10,406,963</u>

The accompanying notes form part of these financial statements

Statement of Cash Flows for the year ended 31 December 2023

	NOTES	2023 \$	2022 \$
Cash flows from operating activities			
Government grants received		3,398,970	3,280,595
Private and corporate donations and sponsorship received		1,643,621	898,232
Government Covid-19 relief		52,272	126,910
Dividends and investment income received		599,531	598,344
Interest received		34,670	28,811
Receipts in the course of operations		2,290,400	1,424,203
Payments to suppliers and employees		(8,373,416)	(6,362,332)
Net cash used in operating activities	15(b)	(353,952)	(5,237)
Cash flows from investing activities			
Payments for plant and equipment		(36,270)	(9,624)
Payments for managed investments		(421,055)	(4,568,829)
Net cash used in investing activities		(457,325)	(4,578,453)
Cash flows from financing activities			
Lease principal payments		(45,367)	(25,775)
Net cash used in financing activities		(45,367)	(25,775)
Net decrease in cash held		(856,644)	(4,609,465)
Cash at beginning of the financial year		1,810,481	6,419,946
Cash at the end of the financial year	15(a)	953,837	1,810,481

The accompanying notes form part of these financial statements

Notes to the financial statements for the year ended 31 December 2023

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES

a) Basis of preparation

The Financial Report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Associations Incorporation Act (WA) 2015.

The financial report covers The Western Australian Opera Company Incorporated as an individual entity. The Western Australian Opera Company Incorporated is an Association incorporated in Western Australia under the Associations Incorporation Act (WA) 2015.

The Western Australian Opera Company Incorporated is a not-for-profit entity. The principal activity of the Association during the financial year was the presentation of opera.

The financial report is presented in Australian dollars, which is the Association's functional currency.

The financial report is prepared on an accruals basis and is based on historical costs. It does not take into account changing money values, or, except where stated, current valuations of non-current assets. Cost is based on the fair values of consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

b) New accounting standards and interpretations

The following new Accounting Standard applicable to the Association is not mandatory for 31 December 2023 reporting periods. The standard is not expected to have a material impact on the Association and the Association has elected not to early adopt the standard:

- AASB 2020-1 Amendments to Australian Accounting Standards: Classification of Liabilities as Current or Non-Current – application date 1 January 2024

The following is a summary of the material accounting policies adopted by the Association in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Notes to the financial statements for the year ended 31 December 2023

c) **Property, plant and equipment**

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation.

The carrying amount of plant and equipment is reviewed annually by the Association to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal.

Depreciation

The depreciable amounts of all property, plant and equipment are depreciated on a straight-line basis over the useful lives of the assets to the Association, commencing from the time the assets are held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of property, plant and equipment	Depreciation Rate
Office equipment, furniture & fittings	20%
Pianos	10%
Music library	10%
Production equipment	33.3%
Right-of-use asset (office and car park lease)	33.3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

d) **Employee benefits**

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to settle within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Past history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. Expenses for sick leave are recognised when the leave is taken and are measured at the rates paid or payable. No liability for unused sick leave entitlements is recognised.

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employees, departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Notes to the financial statements for the year ended 31 December 2023

e) **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short term highly liquid investments with maturities of three months or less.

f) **Revenue**

The Association generates revenue from performance income, sponsorships, donations, government grants and investment income, including dividends from FMG shares and other investments.

The Association recognises revenue when it transfers control over a good or a service to a customer in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services.

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Government grants are initially recognised in the balance sheet as a liability when the grant is received. When the grant relates to an expense item it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Revenue from donations is recognised on receipt.

All revenue is stated net of the amount of goods and services tax (GST).

g) **Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to the ATO are classified as operating cash flows in the statement.

h) **Income tax**

The Association is deemed a non-profit organisation for income tax purposes and has tax exempt status under Section 50-45 9.2 of the Income Tax Assessment Act 1997.

Notes to the financial statements for the year ended 31 December 2023

i) Financial instruments

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Association becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value, plus for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

Financial assets are not reclassified from their initial recognition unless the Association changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

On initial recognition of an equity investment that is not held for trading, the Association may irrevocably elect to present subsequent changes in the investment's fair value through other comprehensive income (FVOCI). This election is made on an investment by investment basis.

All assets not classified as measured at amortised cost or FVOCI, are measured at FVTPL.

Financial assets

Financial assets at amortised cost are measured using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at FVOCI are measured at fair value with gains and losses being recognised in other comprehensive income.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Interest expense and any gain or loss on derecognition is also recognised in profit or loss.

Notes to the financial statements for the year ended 31 December 2023

i) Financial instruments (cont.)

Derecognition

Financial assets

The Association derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Association neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Association enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Association derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Association also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

j) Leases

The Association recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset or the site on which it is located less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease.

The Association presents right-of-use assets in 'property, plant and equipment'.

The Association has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets and short-term leases. The Association recognises the lease payments associated with these leases as an expense over the lease term.

k) Economic dependency

The Western Australian Opera Company Incorporated is economically dependent on government funding and corporate sponsorship for the majority of its revenue. At the date of this report the Board of Directors have no reason to believe these parties will not continue to support the Association.

Notes to the financial statements for the year ended 31 December 2023

	2023	2022
	\$	\$
2 REVENUE, OTHER INCOME AND EXPENSES		
(a) Revenue		
Performance income	2,253,567	1,395,975
Interest received	34,670	28,811
Members' subscriptions	900	880
Total Revenue	<u>2,289,137</u>	<u>1,425,666</u>
(b) Other income		
Department of Local Government, Sport & Cultural Industries - base grant	2,034,138	2,034,138
Department of Local Government, Sport & Cultural Industries - additional grants	152,000	165,000
Australia Council	524,587	512,793
Other government grants and sponsorship	1,134,408	493,000
Private and corporate support	2,018,077	1,432,506
Government Covid-19 Relief	50,406	126,910
Dividends and investment income received	588,366	549,531
Sundry income	104,743	9,636
Total Other income	<u>6,606,725</u>	<u>5,323,514</u>
Total Revenue and other income	<u><u>8,895,862</u></u>	<u><u>6,749,180</u></u>
(c) Expenses		
Audit fees in kind	50,000	44,000

Notes to the financial statements for the year ended 31 December 2023

	2023 \$	2022 \$
3 CASH AND CASH EQUIVALENTS		
Cash at bank, on at-call deposits and on hand	953,837	1,710,481
4 DEPOSITS		
Deposits with a maturity of 3 months or less	-	100,000
5 TRADE AND OTHER RECEIVABLES		
Trade debtors	31,576	50,050
Sponsorship and grants receivable	-	119,072
Franking credit receivables	74,956	86,103
GST receivables	72,396	85,398
Accrued investment income	7,724	7,742
Other receivables	1,099	18,000
	<u>187,751</u>	<u>366,365</u>
These amounts are non-interest-bearing receivables.		
6 OTHER CURRENT ASSETS		
Prepayments	276,893	119,494

Notes to the financial statements for the year ended 31 December 2023

	2023	2022
	\$	\$
7 PROPERTY, PLANT AND EQUIPMENT		
Office furniture and equipment – at cost	162,013	141,269
Less accumulated depreciation	<u>(110,221)</u>	<u>(103,235)</u>
	51,792	38,034
Pianos – at cost	141,920	141,920
Less accumulated depreciation	<u>(124,431)</u>	<u>(116,274)</u>
	17,489	25,646
Music library – at cost	1,257	1,257
Less accumulated depreciation	<u>(1,257)</u>	<u>(1,257)</u>
	-	-
Production equipment – at cost	66,392	60,013
Less accumulated depreciation	<u>(58,961)</u>	<u>(57,077)</u>
	7,431	2,936
Right-of-use asset (office and car park lease) – at cost	123,617	118,306
Less accumulated depreciation	<u>(103,062)</u>	<u>(61,952)</u>
	<u>20,555</u>	<u>56,354</u>
	<u>97,267</u>	<u>122,970</u>

Notes to the financial statements for the year ended 31 December 2023

7 PROPERTY, PLANT AND EQUIPMENT (cont.)

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

2023	Office Furniture & Equipment	Pianos	Production Equipment	Right-of- use Asset	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2023	38,034	25,646	2,936	56,354	122,970
Additions	29,892	-	6,378	-	36,270
Adjustment – rent increase	-	-	-	5,311	5,311
Depreciation	(15,620)	(8,157)	(1,883)	(41,110)	(66,770)
Disposals	(514)	-	-	-	(514)
Carrying amount at 31 December 2023	51,792	17,489	7,431	20,555	97,267
2022	Office Furniture & Equipment	Pianos	Production Equipment	Right-of- use Asset	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2022	53,668	64,057	12,282	121,910	251,917
Additions	7,674	-	1,950	-	9,624
Adjustment – rent reduction	-	-	-	(27,987)	(27,987)
Depreciation	(23,308)	(18,411)	(11,296)	(37,569)	(90,584)
Disposals	-	(20,000)	-	-	(20,000)
Carrying amount at 31 December 2022	38,034	25,646	2,936	56,354	122,970

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023	2022
	\$	\$
Listed shares - FMG	4,536,058	3,205,877
Managed investment portfolio – unrestricted	4,652,307	3,968,647
Managed investment portfolio – restricted	650,000	650,000
	<u>9,838,365</u>	<u>7,824,524</u>

The Association placed funds in a managed investment portfolio in 2021. During 2022, further funds including restricted cash representing the Bendat Family Foundation Deed of Gift and Bel Canto Fund were transferred to this investment portfolio. Approval was granted by the Bendat Family Foundation and was not required under the terms of the Bel Canto Fund. Refer to Note 12 for more details.

In 2011 the Association acquired an investment in ASX-listed shares of Fortescue Metals Group (FMG) by donation.

The fair value of the shares and managed investments is determined by reference to published market price quotations on the ASX.

Notes to the financial statements for the year ended 31 December 2023

	2023 \$	2022 \$
9 TRADE AND OTHER PAYABLES		
Trade creditors	91,111	104,680
Other payables	82,366	107,847
Accruals	24,688	27,698
Income received in advance	538,000	1,151,684
	<u>736,165</u>	<u>1,391,909</u>

10 PROVISIONS

Current

Annual leave	43,323	44,456
Long service leave	99,685	78,528
	<u>143,008</u>	<u>122,984</u>

Non-current

Long service leave	38,705	45,413
	<u>38,705</u>	<u>45,413</u>

Total provisions	<u>181,713</u>	<u>168,397</u>
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	Annual Leave \$	Long Service Leave \$	Total \$
Opening balance at 1 January 2023	44,456	123,941	168,397
Additional provisions raised during the year	74,071	19,401	93,472
Amounts used	(75,204)	(4,952)	(80,156)
Balance at 31 December 2023	<u>43,323</u>	<u>138,390</u>	<u>181,713</u>
Opening balance at 1 January 2022	47,121	110,900	158,021
Additional provisions raised during the year	76,485	13,041	89,526
Amounts used	(79,150)	-	(79,150)
Balance at 31 December 2022	<u>44,456</u>	<u>123,941</u>	<u>168,397</u>

A provision has been recognised for employee entitlements relating to annual and long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been included in Note 1.

The current provision for long service leave represents the value of employee entitlements expected to be paid within the next year.

Notes to the financial statements for the year ended 31 December 2023

11 LEASES

The Association has a lease agreement for business premises for a 3-year term from 1 July 2021.

	2023	2022
	\$	\$
Lease liabilities		
Balance at start of year	69,328	123,090
Rent adjustments	5,311	(27,987)
Payments	(45,367)	(25,775)
Carrying amount at end of year	<u>29,272</u>	<u>69,328</u>
Current	29,272	42,298
Non-current	-	27,030
	<u>29,272</u>	<u>69,328</u>
Lease expenses in profit or loss		
Depreciation expense of right-of-use assets	41,110	37,569
Interest expense on lease liabilities	3,732	5,090
Total amount recognised in profit or loss	<u>44,842</u>	<u>42,659</u>
Future minimum lease payments		
Less than 12 months	30,735	45,765
Between 12 months and five years	-	28,381
	<u>30,735</u>	<u>74,146</u>

Refer to Note 7 for information about the right-of-use asset associated with the lease.

Notes to the financial statements for the year ended 31 December 2023

12 RESERVES

Restricted Funds Reserves:

Bendat Family Foundation Deed of Gift

This \$500,000 (2022: \$500,000) reserve is for the purpose of establishing the Bendat Scholarship Fund and the Bendat Scholarship Fund No.2 to assist the Western Australian Opera Company to fund scholarships awarded to talented young artists. These funds are to be held in escrow, with income earned on the funds to be used to fund scholarships.

Bel Canto Fund Reserve

This \$150,000 (2022: \$150,000) reserve was established for the purpose of providing interest earnings to assist the Western Australian Opera Company to develop and nurture talented local artists. These funds are to be held in escrow, with income earned on the funds to be used to assist local artists.

Unrestricted Funds Reserves:

Reserve Incentive Scheme Agreement

This \$300,000 reserve (2022: \$300,000) was established with contributions received from the Australia Council through the Major Performing Arts Board (\$100,000), Department of Local Government, Sport & Cultural Industries (\$100,000) and the transfer from the Association's retained profits (\$100,000).

Production Loss Reserve

This \$500,000 (2022: \$500,000) reserve has been established to provide against costs incurred should a production or a number of performances of a production be cancelled due to the unavoidable unavailability of artists or other essential personnel.

Capacity Building Reserve

This \$675,000 (2022: \$675,000) reserve has been established to provide against additional development costs incurred in the presentation of additional production seasons in future years.

Other Reserves:

Investment Revaluation Reserve

This \$4,215,479 reserve (2022: \$2,622,692) is used to record increases and decreases in the fair value of financial assets through other comprehensive income.

13 FORWARD PLANNING COMMITMENTS

At 31 December 2023 the Association had committed to financial commitments totalling \$759,907 (2022: \$842,672) for principal artists and creative and production teams for *Wundig wer Wilura* in February 2024, *Dido and Aeneas* in May 2024, *Rusalka* in July 2024, and *Orpheus and Eurydice* in October 2024. The majority of these planned expenditures are dependent on the productions taking place.

Notes to the financial statements for the year ended 31 December 2023

14 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Association's principal instruments are cash, short term deposits from grants and donations received, accounts receivable and accounts payable.

Risk Exposures and Responses:

(a) Interest rate risk

The Association's exposure to interest rate risk arises from assets and liabilities bearing variable interest rates.

At balance date, the Association had the following financial assets and liabilities exposed to variable interest rate risk:

	2023	2022
	\$	\$
Financial Assets		
Cash and cash equivalents	771,154	1,405,350
Total	<u>771,154</u>	<u>1,405,350</u>

The Association does not enter into any form of hedging instruments to mitigate this risk.

At 31 December 2023, if there was a 0.5% (2022: 1%) movement in interest rates and all other variables were held constant, there would have been a \$3,856 impact on profit and equity (2022: \$14,054).

(b) Credit risk

The Association's maximum exposures to credit risk in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Balance Sheet. There are no long outstanding trade receivables.

(c) Foreign exchange risk

The Association is not exposed to fluctuations in foreign currencies.

(d) Liquidity risk

The Association manages liquidity risk by monitoring forecast cash flows.

(e) Price risk

The Association is not exposed to any material price risk.

(f) Fair values

The carrying amount of the Association's financial assets and financial liabilities approximate their fair value.

Notes to the financial statements for the year ended 31 December 2023

15 CASH FLOW INFORMATION

a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash at bank and short-term deposits at call, including cash held for investment by an advisor but which can be immediately recalled. Cash as at the end of the financial year is as follows for the purposes of the Statement of Cash Flows:

	NOTE	2023 \$	2022 \$
Cash at bank, on at-call deposits and on hand	3	953,837	1,710,481
Deposits – maturity of 3 months or less	4	-	100,000
		<u>953,837</u>	<u>1,810,481</u>

b) Reconciliation of Cash Flows from Operations with Surplus / (Deficit) from Ordinary Activities

Surplus / (deficit) from ordinary activities	199,977	(29,472)
Adjustments for non-cash income and expense items:		
Depreciation	66,770	90,584
Loss on sale of fixed assets	514	-
Change in assets and liabilities during the financial year:		
Decrease / (increase) in trade and other receivables	178,614	(81,479)
Increase in other current assets	(157,399)	(25,869)
(Decrease) / increase in trade and other payables	(655,744)	30,623
Increase in provisions	13,316	10,376
Net cash used in operating activities	<u>(353,952)</u>	<u>(5,237)</u>

The Association has no credit stand-by or financing facilities in place.

Notes to the financial statements for the year ended 31 December 2023

16 SEGMENT REPORTING

For management purposes, the Association is organised into one main operating segment, which involves productions. All of the Association's activities are interrelated, and discrete financial information is reported to the Board (the chief operating decision makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Association as one segment. The financial results from this segment are equivalent to the financial statements of the Association as a whole.

17 EVENTS SUBSEQUENT TO BALANCE DATE

No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Association's operations, the results of those operations, or the Association's state of affairs in future financial years.

The directors are satisfied that the Association will continue operating as a going concern.

18 RELATED PARTY TRANSACTIONS

Directors perform their duties on an honorary basis. No related party transactions occurred during the financial year.

19 AUDITOR'S REMUNERATION

The auditor of The Western Australian Opera Company is KPMG. The audit by KPMG is a donation in-kind.

	2023 \$	2022 \$
Value of donation in-kind	50,000	44,000

20 COMPANY DETAILS

The principal place of business of the Association is:

Level 3, His Majesty's Theatre
825 Hay Street
PERTH WA 6000

Statement by Directors

In the opinion of the Board the accompanying accounts as set out on pages 2 to 20:

- (a) Represent a true and fair view of the financial position of The Western Australian Opera Company Incorporated as at 31 December 2023 and its performance for the year ended on that date in accordance with the Associations Incorporation Act (WA) 2015 and Australian Accounting Standards (including the Australian Accounting Interpretations) and the Australian Charities and Not-for-profits Commission Act 2012.
- (b) At the date of this statement, there are reasonable grounds to believe that The Western Australian Opera Company Incorporated will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Board and is signed for and on behalf of the Board by:



Andrew Pascoe (Chairman)



Darren Lewsen (Deputy Chair)

Dated 11 April 2024



Independent Auditor's Report

To the members of The Western Australian Opera Company Incorporated

Opinion

We have audited the **Financial Report**, of The Western Australian Opera Company Incorporated (the registered Association).

In our opinion, the accompanying Financial Report of the registered Association is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, and the Associations incorporation Act 2015 including:

- Giving a true and fair view of the registered Association's financial position as at 31 December 2023, and of its financial performance and its cash flows for the year ended on that date; and
- Complying with *Australian Accounting Standards* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2022*.

The **Financial Report** comprises:

- Statement of financial position as at 31 December 2023;
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended;
- Notes, including material accounting policies; and
- Directors' declaration of the registered Association.

Basis for Opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the registered Association in accordance with the auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.



Other Information

Other Information is financial and non-financial information in The Western Australian Opera Company Incorporated's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the ACNC;
- Preparing the Financial Report in accordance with the Associations Incorporations Act 2015;
- Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- Assessing the registered Association's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the registered Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- To obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- To issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

As part of an audit in accordance with *Australian Auditing Standards*, we exercise professional judgement and maintain professional scepticism throughout the audit.



We also:

- Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered Association's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the registered Association to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the registered Association regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG

Graham Hogg

Partner

Perth

11 April 2024



Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To the Directors of The Western Australian Opera Company Incorporated

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2023 there have been:

- i. No contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- ii. No contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Graham Hogg

Partner

Perth

11 April 2024